



**MINISTER  
OF MUNICIPAL RELATIONS**

Room 317  
Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

MAR 18 2019

His Worship Brian Bowman  
Mayor  
City of Winnipeg  
510 Main Street  
Winnipeg MB R3B 1B9

Dear Mayor Bowman:

I continue to be troubled by your inaccurate and misleading public pronouncements on provincial capital funding support. Each of us has responsibilities to the people we jointly serve, and it is time you took responsibility for your own budgetary choices by publicly clearing the record.

There is no 2014 “legal agreement” on provincial funding for City roads. You know this, despite your rhetoric. Rather there was political commitment by the prior provincial government - late in its 4th and final mandate - to provide funding at a particular level for a period of time. This was one of many funding promises it made in its late phases. Whether or not they were appropriate or sustainable, these promises were based on a grants-based municipal funding approach that relied on a number of elements, including a dedicated share sourced from the PST. The so-called “fair share”.

None of these political commitments bound a successor government; and neither did they establish a perpetual approach for all purposes moving forward. Indeed, this is precisely why different visions and approaches are advanced during election campaigns.

In 2016 there was a provincial election. You called for both a “fair say” for municipalities and retention of the “fair share” dedicated tax approach. My party fully supported fair say for municipalities, but rejected fair share based on higher taxes. We preferred to put more money in the hands of taxpayers, and promised to reduce the PST by 1%. We believed this was a better approach, and that it would also produce better and more efficient local government.

Our government was elected with a record majority government.

And in our first full budget, in 2017, we delivered on our commitment to dismantle the tax-based statutory framework under which municipalities were funded. We were fully open and transparent about this, and introduced legislative changes accordingly. In our May 10, 2017 Budget commitment letter, we also specifically confirmed that:

- Fair say would be delivered through consolidated basket funding, which would be largely unconditional for operating support;
- Capital funding on mutual priorities would likewise be delivered through a single basket, that took into account the cost of both existing and already committed projects and, accordingly, remaining financial capacity for new projects;
- The capital funding basket would vary from year to year, depending on the actual cash flow requirements projected on approved projects.

This new strategic direction reflected that there was no money tree. That value for money would be critical, and that leveraging available federal infrastructure dollars would be more aggressively pursued. Senior City officials were briefed, and you and your senior staff were briefed. The basket would be the basket moving forward. The projected cash flow for large existing projects such as the Waverley Underpass and Bus Rapid Transit Phase 2 were well known. And we confirmed that additional incremental funding outside the basket would not be available.

Regarding funding for City roads, in 2017 you also sought provincial support to prioritize and secure federal infrastructure funding, beginning in 2018, for the City's Accelerated Regional Street Renewal Program (ARSR). This would also be matched by requested provincial funding support. In advocating that the province prioritize federal dollars for ARSR over other infrastructure priorities, you maintained this was the City's number one priority. During the course of our consideration of your request and supporting business case, you were specifically advised that if the province moved forward with ARSR this would become the new mechanism for delivering road funding. The City would not continue to receive the old loosely committed and grants-based support in addition to the leveraged and cost shared federal and provincial dollars under ARSR.

Doubtless you developed your 2018 budget on the basis of your own considerations and objectives. But you certainly had full clarity on provincial direction. Responsibility for your administration's budget rests where it should of course - with you as Mayor.

In March of 2018, we were very pleased to again deliver on fair say by confirming that we were deploying up to \$100M in available federal infrastructure dollars - and were matching this was another \$100M in provincial funding - for ARSR, the City's number one capital priority. Combined with the City's \$100M share, this would deliver over \$300M in road infrastructure support over 5-6 years.

As you know, however, federal approval did not occur until September of 2018. Perhaps you expected this to occur sooner, but in any event, the City had already undertaken its own road program in 2018. Our 2018 capital funding approach was confirmed in May of 2018, and was entirely consistent with our fundamental 2017 shift in approach.

To be clear, Winnipeg has been and will continue to be the among the most generously funded municipalities in Canada. On roads alone - despite your recent unfounded "shortfall" claims - the government of Manitoba actually funded \$340.1M over the last five years. This has flowed and is flowing either through direct provincial support, or as our share on large federal-provincial projects delivered in partnership with the federal government. By year, the total numbers are:

- 2014/15 - \$56.3M
- 2015/16 - \$83.6M
- 2016/17 - \$53.3M
- 2017/18 - \$83M
- 2018/19 - \$64M

This last year is particularly important given current budget dynamics at City Hall. We have confirmed that we will be front loading our ARSR funding to further support the City's number one priority. Specifically, as part of the final 2018/19 capital reconciliation set out in my letter to you of February 26, 2019, we have confirmed that up to \$37.9M will flow prior to March 31, 2019. We have also made available another \$12M for ARSR as part of our overall \$113.1M capital basket commitment for 2019/20. This means that up to \$49.9M in provincial funding is available to entirely fund a very large and robust ARSR program for the 2019 construction season. This frees up City funds for other purposes (including local roads) and allows it to defer federal ARSR funding for forward years, thereby allowing the City to defer additional large scale expenditures beyond just this year.

Our respective senior officials have already had a very positive meeting to explore and flesh out all of these avenues, and the required contribution agreement is already with the City. All that is required is for the City to return the necessary funding agreement and this money can flow on an expedited basis.

I have taken the trouble to set out all of these facts to address the current charged and extremely unhelpful misinformation before City Council and the general public. There has been no provincial funding shortfall. Any budgetary gaps are of your own making. Yet the province's ARSR approach fashions a simple solution.

We both need to move forward, as our government is already doing with its ahead of schedule PST reduction. And surely along the way we should bring more light than heat to the partnership that ought to guide the work on behalf of the people we serve together. I look forward to advancing these collaborative purposes with you.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'J' followed by a horizontal line and a small flourish at the end.

Honourable Jeff Wharton  
Minister of Municipal Relations